

Message Text

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64

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SUBJECT: UNCTAD LDC DEBT GROUP

1. SECOND SESSION AD HOC GROUP OF GOVERNMENTAL EXPERTS ON DEBT PROBLEMS OF DEVELOPING COUNTRIES MET DECEMBER 9-17, 1974 TO COMPLETE DISCUSSIONS AND TO BEGIN DRAFTING ITS REPORT TO THE TRADE AND DEVELOPMENT BOARD. THE DEBT GROUP DECIDED TO HOLD THE FINAL THIRD SESSION FEBRUARY 26 TO MARCH 7, 1975 TO ACCOMMODATE AMENDMENTS AND TO PRODUCE A FINAL REPORT. THE REPRESENTATIVES OF BOTH GROUP B (CREDITOR) COUNTRIES AND OF THE GROUP OF 77 WILL MEET SEPARATELY IN GENEVA FEBRUARY 24 AND 25, 1975 TO EXCHANGE VIEWS ON THE DRAFT REPORT.

2. THE DISCUSSIONS AT THIS SECOND SESSION WERE CHARACTERIZED BY A HIGH LEVEL OF SUBSTANTIVE DIALOGUE, DUE MAINLY TO ATTENDANCE OF SOME KEY EXPERTS FROM LDC CAPITALS, BY EMERGENCE OF DIVERGING INTERESTS AMONG LDCS, AND BY COHESIVENESS OF VIEWS AND INTERVENTIONS BY REPRESENTATIVES OF GROUP B COUNTRIES. WHILE THE LDC EXPERTS MAINTAINED GENERAL REPRESENTATION OF THE G-77 THERE APPEARED TO BE AT LEAST THREE SUB-GROUPS WHICH HAVE DIFFERENT VIEWS

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ON DEBT SERVICE. PAKISTANI EXPERT WHO CHAIRED THE G-77

REPRESENTED VIEWS OF THE RELATIVELY POORER, PRIMARILY AID-RECEIVING LDCS WHOSE OBJECTIVE IS AN INCREASE IN AID BY AUTOMATIC DEBT SERVICE RELIEF, TRIGGERED BY UNIVERSALLY ACCEPTED INDICATORS OR GUIDELINES. THE LDC EXPERTS FROM TRADE-ORIENTED COUNTRIES SUCH AS BRAZIL, MEXICO, KOREA, ARGENTINA AND IVORY COAST OPPOSED THIS VIEW AND TRIED TO FOCUS ATTENTION ON TRADE PREFERENCES AND ACCESS TO INTERNATIONAL MONEY AND CAPITAL MARKETS. THE THIRD GROUP REPRESENTED BY ALGERIA SUPPORTED THE VIEW OF OIL EXPORTERS WHOSE MAIN OBJECTIVE WAS TO EXPLAIN THAT THE LDC DEBT SERVICE PROBLEM ANTEDATED OIL PRICE INCREASES.

3. THE SECOND SESSION WAS DIVIDED INTO TWO PARTS. THE FIRST TWO DAYS DECEMBER 9 AND 10 WERE DEVOTED TO INFORMAL SESSIONS TO AGREE ON AGENDA ITEMS. THE PROBLEM WAS TO AVOID EXCLUSIVE DISCUSSION OF A LIST OF G-77 DEMANDS WHICH HAD BEEN INSERTED AS AN ANNEX AT THE END OF THE FIRST SESSION IN MAY, BUT RATHER TO FOCUS ON SPECIFIC ISSUES UNDER THE PROVISIONAL AGENDA WHICH WAS ALSO ADOPTED AT THE FIRST SESSION. THE SWISS CHAIRMAN ULTIMATELY RULED THAT THE PROVISIONAL AGENDA WOULD STAND AND THAT EXPERTS WOULD BE FREE TO INTRODUCE SUBJECTS UNDER APPROPRIATE AGENDA ITEMS. AS A RESULT, ALL OF THE G-77 DEMANDS WERE DISCUSSED IN THE FORMAL SESSIONS, BUT THE DOCUMENT ITSELF DID NOT FORM THE STRUCTURE OF THE MEETING.

4. THE CHAIRMAN, IN CONSULTATION WITH THE CHAIRMAN OF THE RESPECTIVE GROUPS (US FOR GROUP B, PAKISTAN FOR LDCS), PREPARED NOTES UNDER EACH AGENDA ITEM REFLECTING THE MAIN POINTS OF THE DISCUSSION. THE CHAIRMAN'S CONTACT GROUP ALSO MET FREQUENTLY TO DISCUSS THE STRUCTURE AND SUBSTANCE OF THE NOTES. THE NOTES ARE IN THREE SECTIONS CORRESPONDING TO AGENDA ITEMS 3, 4 AND 5, I.E., THE ECONOMIC CONTEXT OF DEBT SERVICE ISSUES, AVOIDING DEBT SERVICE DIFFICULTIES, AND REMEDIAL MEASURES. THEY WILL FORM THE BASIS FOR THE DRAFT REPORT TO BE PREPARED AT THE NEXT MEETING. EXPERTS WERE PROVIDED WITH FIRST DRAFT OF THE NOTES

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OF THE THREE SECTIONS. COPIES OF THESE NOTES BEING HAND CARRIED BY DELEGATION RETURNING TO WASHINGTON. DALE

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